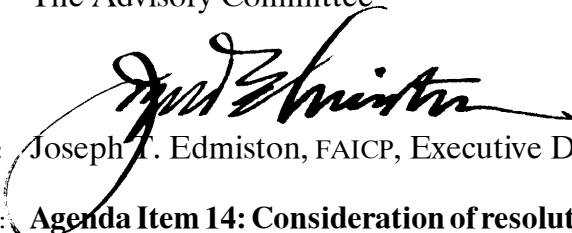


Memorandum

To : The Conservancy
The Advisory Committee

Date: June 26, 2006

From :  Joseph T. Edmiston, FAICP, Executive Director

Subject: **Agenda Item 14: Consideration of resolution adopting the draft preliminary FY 2006-07 budget of the Mountains Recreation and Conservation Authority.**

Staff Recommendation: That the Conservancy adopt the attached resolution authorizing the Mountains Recreation and Conservation Authority Preliminary Budget FY 2006/2007.

Legislative Authority: Section 6500 *et. seq.* of the Government Code, and MRCA Joint Exercise of Powers Agreement, Section 11.3:

“ . . .The Authority shall prepare an annual budget, in a form approved by the Conservancy and the Districts, which budget shall be submitted to the Conservancy and the Districts for approval, in the time and manner as specified by the Conservancy and the Districts . . .”

Background: The Conservancy is required to approve the Mountains Recreation and Conservation Authority (MRCA) annual budget per Section 11.3 of the MRCA Joint Exercise of Powers Agreement. The preliminary budget is described herein and further detailed in three attachments: (1) Preliminary Official Budget by Account Class Category, (2) Preliminary Management Budget by Account Class, and (3) Preliminary Management Budget by Project.

The MRCA budgets each project separately, and the total budget figures are a compilation of those project budgets. The Management Budget by Project details the amount of revenue and expenses by project for FY 2006/2007. In general, if no revenue is listed for a project, funds to complete that project were received by the MRCA in prior years.

The FY preliminary 2006-07 budget was prepared using information available in grant and contract files, current and prior year actual revenue receipts and expenditures, information regarding future project funding, and the current workprogram. The workprogram will be updated concurrent with development of the final budget.

Revenue

The revenue is comprised of new funding for expenditures in the upcoming year. This includes reimbursements for contracted expenses, monies paid for fees, permits, and leases, as well as new funds that may be received by the MRCA for various projects.

The following is an overview of the preliminary FY 2006/2007 budgeted revenue, by type of revenue:

FY 2006-07 Budgeted Revenue:

	Amount
Fees-Conferences/Meetings	160,000
Fees-Special Events	557,500
Fees-Filming	340,000
Fees-Parking	190,250
Leases-Land	265,600
Leases-Buildings	543,800
Lease-Antenna	165,000
Citations	750,000
SMMC Grants	9,119,268
Government Grants	12,911,657
Mitigation Fees	1,568,170
Govt Agency Contracts	5,717,008
Donations	181,160
Benefit Assessment District	444,352
Carryover Funds	591,693
Total FY 2006-07 Budgeted Revenue	33,505,458

Projects are identified in the general ledger (AS 400 system) as reimbursable or advanced funds, which aids in the MRCA's accounts receivable process. All reimbursable grants are invoiced by the MRCA on a monthly basis, or as allowed for in the grant agreements.

Expenditures

Total FY 2006/2007 expenditures are budgeted at \$33,505,458. A overview by account class is presented below:

<u>Account Class</u>	<u>Amount</u>
Direct Payroll	3,601,693
Payroll Benefits and Taxes	2,636,731
Contract Services	4,035,729
Operating Expenses	2,758,540
MRCA Grants	55,000
Land & Improvements	19,552,295
Equipment	650,470
Interest Expense	215,000
Total Expenses	33,505,458

These expenses are in-line with those incurred in the current fiscal year (05/06). Expenditures are further detailed in the Preliminary Management Budget by Account Class and the Preliminary Management Budget by Project.

It is the practice of the MRCA to include budgets for anticipated projects, sometimes where funding is not yet finalized. Anticipated projects for FY 2006-07 are listed as “New Projects” in the Preliminary Management Budget by Project. If funding is not secured these projects will not be pursued. The MRCA has applied to the Conservancy to fund several of the anticipated projects with State bond measure grants.

Budget Management

The MRCA’s Project Managers are issued monthly Budget Performance Reports (BPRs), which track actual performance relative to the budgeted figures for each individual project. These reports assist Project Managers in making necessary spending adjustments and help in the identification of other potential fiscal problem areas. The Preliminary Budget takes into account prior year performance to compile expected future spending.